

Message Text

UNCLASSIFIED

PAGE 01 JAKART 13378 021219Z

43

ACTION EA-10

INFO OCT-01 ISO-00 EB-04 AGR-05 XMB-02 RSC-01 /023 W

----- 086770

R 020331Z NOV 74

FM AMEMBASSY JAKARTA

TO USDOC WASHDC

INFO SECSTATE WASHDC 5108

AMCOFGUL HONG KONG

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMCONSUL SYDNEY

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 13378

DEPT PASS EXIM

STATE FOR EA/IMS GEBER

USDOC FOR BIC/OED/MEPD

E.O. 11652: N/A

TAGS: BEXP, ID

SUBJ: GOI INTEREST IN U.S. FIRMS FOR SUGAR MILL
CONSTRUCTION

REF: (A) JAKARTA 12611

(B) SYDNEY 2196

(C) STATE 233715

1. EMBASSY APPRECIATES TIMELY REF B AND C REPLIES.

2. EMBOFFS MET WITH IR. SOETJIPTO AGAIN OCTOBER 31 TO
DELIVER INFORMATION HE PREVIOUSLY REQUESTED. HE
EXPRESSED SURPRISE THAT MANY OF FIRMS WE SUGGESTED
WERE ENGINEERING FIRMS. DURING ENSUING DISCUSSION,
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PAGE 02 JAKART 13378 021219Z

SOETJIPTO REVEALED FOLLOWING INFORMATION WHICH HE HAD

NOT RPT NOT CLARIFIED DURING PREVIOUS REF A VISIT:

A) HE HAD REQUESTED NAMES U.S. FIRMS CAPABLE SUPPLYING COMPLETE SUGAR MILLS BECAUSE HE HAD BEEN ASKED IN COURSE OF DISCUSSIONS WITH US EXIMBANK RE POSSIBLE EXIM FUNDING TO SPECIFY NAMES U.S. EQUIPMENT SUPPLOERS WHO WOULD PROVIDE EQUIPMENT FOR PROPOSED PROJECT;

B) SOETJIPTO'S PREVIOUS EXPERIENCE HAS BEEN WITH EUROPEAN EQUIPMENT SUPPLIERS, EACH OF WHOM OFFERS COMPLETE PACKAGED MILL WITH ENGINEERING INCLUDED. THUS SOETJIPTO NEITHER FAMILIAR WITH AMERICAN EQUIPMENT SUPPLIERS NOR WITH U.S. APPROACH OF SEPARATE ENGINEER FIRM DESIGNING PLANT AND THEN ASSISTING IN MULTIPLE SOURCING FROM LOWEST COST EQUIPMENT SUPPLIERS;

C) FEASIBILITY STUDY WILL NOT RPT NOT BE COMPLETED UNTIL JUNE, 1975; AND SOETJIPTO HAS NOT YET DECIDED EXACT SITES, NUMBERS OR CAPACITIES OF SUGAR MILLS, THOUGH HE EXPECTS TO START WITH THREE PROJECTS;

D) LABOR INTENSIVE FACTOR - PARA 4 REF C - PRIMARILY REFERS TO PLANTATION FIELD OPERATIONS RATHER THAN FACTORY(ALTHOUGH OBVIOUSLY THE GOI WOULD NOT RPT NOT WANT FULLY AUTOMATED COMPUTER CONTROLLED SUGAR MILL.)

3. EMBOFFS EXPLAINED USUAL U.S. APPROACH OF ENGINEERING FOLLOWED BY MULTIPLE SOURCING. WE ALSO MADE APPOINTMENTS WITH HIM FOR KAISER ENGINEERS AND LANG ENGINEERING REPS, BOTH OF WHOM IN JAKARTA THIS WEEK. FINALLY, WE ENDEAVORED EXPLAIN BUSINESS-LIKE NATURE EXIM PROCEDURES WITH WHICH HE SEEMED NOT VERY FAMILIAR, E.G. HE HOPED FINANCING COULD BE LINED UP IN ADVANCE OF DBASIBILITY STUDY COMPLETION AND THOUGHT THAT PERHAPS EXIM MIGHT ASSIST HIM IN FINDING NECESSARY MATCHING COMMERCIAL FINANCING. EMBASSY BELIEVES SOETJIPTO'S CONVERSATIONS WITH TWO ENGINEERING FIRMS UNCLASSIFIED

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PAGE 03 JAKARTA 13378 021219Z

MAY HELP HIM UNDERSTAND BOTH EXIMBANK AND U.S. APPROACH TO BUILDING INDUSTRIAL PLANTS; NEVERTHELESS, EMBASSY PLANS REPEAT ITS SALES/EDUCATION EFFORT AGAIN TO MAKE SURE SOETJIPTO FULLY GRASPS SITUATION.

4. ACTION REQUESTED: EMBASSY REQUESTS USDOC SUPPLY LIST OF LEADING U.S. SUPPLIERS OF SUGAR MILL EQUIPMENT, ALSO INDICATING WHICH ARE CAPABLE OF PROVIDING FULL LINE.

SUCH LIST WILL HELP DEMONSTRATE TO SOETJIPTO OUR
INTEREST AND COMPETENCE IN MEETING HIS PRECISE NEEDS
AS HE SEES THEM. IF LEADING SUPPLIERS WERE ALREADY
INCLUDED REF C, PLEASE SO ADVISE. EMBASSY WOULD ALSO
LIKE KNOW WHETHER PARA 2 REF C COMMENT THAT ALLIS
CHALMERS NOT RPT NOT INTERESTED IN TURNKEYING THIS
PROJECT MEANS THEY ALSO WOULD NOT RPT NOT BE INTERESTED
IN SUPPLYING COMPLETE OR PARTIAL EQUIPMENT PACKAGE IF
PLANT DESIGNED/CONSTRUCTED BY SOMEONE ELSE.
NEWSOM

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NNN

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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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